



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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Arthur J. Rocque, Jr.
Commissioner

February 11, 2004

Senator Donald E. Williams
Representative Patricia M. Widlitz
Co-Chairpersons
Environment Committee
Room 3200
Legislative Office Building
Hartford, CT 06106

Re: ***Annual Report Pursuant to Public Act No. 00-175***
An Act Concerning the Use of MTBE

Dear Co-Chairpersons Williams and Widlitz:

I am writing to update you on the status of the Department of Environmental Protection's (the "Department's") efforts pursuant to Public Act No. 00-175, *An Act Concerning MTBE as a Gasoline Additive*. As you know, under this act, the Department is required to submit an annual report to the Environment Committee outlining the Department's progress on a plan to eliminate methyl tertiary butyl ether ("MTBE") as a gasoline additive. This is the fifth such report and also includes a copy of the Department's plan that has guided implementation of the legislative ban on MTBE in Connecticut. The phase-out plan outlines the agency's compliance assurance efforts that have been underway to ensure a successful transition to an MTBE-free gasoline in Connecticut.

The transition to an MTBE free gasoline blend began shortly after the passage of Public Act 03-122 in June of 2003. Public Act 03-122 established January 1, 2004 as the statutory ban date prohibiting the sale of MTBE as a gasoline additive for use in meeting Connecticut's oxygenate requirement under the Clean Air Act. Since passage of the legislation, the Department has actively engaged all stakeholders to ensure the regulated community is fully aware of their obligations under the law. Seminars and workshops were held around the State for suppliers, distributors, retailers and municipalities to discuss the transition and to provide a forum for dialogue on issues or concerns. The Department has also established a web page with information and technical materials and has publicized the availability of this site with several trade associations. The page can be found at <http://www.dep.state.ct.us/air2/mtbe/index.htm>.

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So far it appears that the change to ethanol has been relatively smooth albeit with some evidence of price volatility. However, a second transition will occur in the spring when the market begins to transition from a winter to a summer-grade blend, i.e., a different blendstock which serves as the base and which is necessary to meet federal reformulated fuel specifications for summertime gasoline. Ethanol blend summer-grade gasoline is more difficult than winter-grade gasoline to produce. The availability of adequate quantities of ethanol-blend summer grade gasoline is uncertain at this time. According to a recent report from the U.S. Department of Energy (US DOE), the transition to a summer-grade ethanol blend resulted in price spikes of 30-40 cents per gallon in the Midwest and California. The other concern highlighted in the US DOE report is the potential for increased price volatility after the transition due to the reduced flexibility in the supply system and a fewer number of suppliers for the New York and Connecticut markets. The Department will continue to monitor any developments in this area but recognizes the statute does not provide for any authority or procedures to issue a waiver should a fuel emergency arise.

Finally, please be aware that the MTBE ban has had an unintended impact on the marine trades industry. The seasonal nature of the marine industry and the timing of the ban resulted in many marinas having tanks full of now non-compliant fuel. Given the general location of marine fuel tanks, the removal of MTBE containing fuel from such tanks poses a high risk of environmental harm. At this time, there is no apparent solution to this problem that complies with the law and doesn't pose what I believe to be an unacceptable risk.

If you have any questions please do not hesitate to contact Tom Tyler or me at (860) 424-3001. Thank you.

Sincerely,

Arthur J. Rocque, Jr.
Commissioner

AJR/TRB/trb

Attachment

Phase-Out of MTBE in Connecticut

Introduction

The federal Clean Air Act (CAA) requires that certain areas that exceed the National Ambient Air Quality Standards for ground level ozone, including Connecticut, use reformulated gasoline (RFG). The CAA specifies RFG must achieve a set of emission performance standards and meet a minimum oxygen content (oxygenate) requirement. The RFG program was designed to reduce emissions of volatile organic compounds (VOCs) and nitrogen oxides, and toxics from motor vehicles. Oxygenates also reduce carbon monoxide emissions.

Methyl-Tertiary-Butyl Ether (MTBE) is the oxygenate chosen by fuel suppliers to meet the RFG oxygenate requirement in the Northeast. MTBE is readily available at a reasonable cost and blends easily with gasoline at the refinery. MTBE also has a collateral benefit of reducing toxic air pollutants, the majority of which are VOCs, beyond the minimum reductions specified by the CAA for RFG.

The use of MTBE increased significantly in the 1990s. As discussed above, it was added as a way of complying with the RFG requirements, and it has been very effective in reducing the emissions of carbon monoxide and toxics. However, as air pollution emissions decreased, the incidence of MTBE contamination of groundwater increased significantly. Unfortunately, because of its concentration in gasoline products and its characteristics in groundwater, MTBE has contaminated many more wells than would have otherwise been affected if it were not present in gasoline.

These groundwater contamination concerns have lead several states, including Connecticut, to enact restrictions on the use of MTBE in gasoline. On July 1, 2000, Public Act 00-175 (now codified at Section 22a-450a of the General Statutes) was enacted, effectively banning the sale and use of MTBE as an additive in gasoline in Connecticut, and requiring that the Department of Environmental Protection (DEP) develop a plan to implement the ban in Connecticut. Subsequent amendments to the law changed the effective date of the ban of MTBE as a gasoline additive to on or after January 1, 2004, unless the State of New York does not establish a ban on the same date, in which case Connecticut's ban will be effective July 1, 2004.

Because the federal oxygenate requirement for RFG remains in effect, the only currently viable oxygenate for Connecticut, ethanol, will replace it. Replacing MTBE with ethanol will result in a decrease in formaldehyde emissions, and an increase in acetaldehyde emissions. Both are toxic compounds. Because of the potential changes in emission characteristics, the DEP is making changes to its monitoring network to assess changes in air quality that may occur as a result of using ethanol in gasoline.

Compliance Assurance

On and after January 1, 2004 no person may offer for sale any gasoline product with MTBE content greater than 0.5% by volume.

This requirement will be monitored to assure compliance primarily through the Air and Waste Management Bureaus of the DEP, with assistance from the Department of Consumer Protection (DCP). These efforts will strategically target supplies entering the Connecticut market and from there begin to address other users in the supply chain. The Department is implementing the MTBE phase-out in the following areas:

- **Communication with New York**

DEP staff will continue to communicate with the State of New York regarding the status of their MTBE elimination activities.

- **Outreach and Education**

In order to make sure the regulated community is fully aware of the ban on the use of MTBE and their obligations under the law, DEP has sent several notices to suppliers and retail distributors of gasoline. Seminars and workshops are currently scheduled and the Department will participate in additional outreach opportunities as resources allow.

- **Inspections and Sampling**

Inspections of suppliers as well as retail and delivery activities will be performed to determine if MTBE gasoline is being sold. Staff from DEP's Field Enforcement Program (Stage II) and Underground Storage Tank Program will check all available records and as necessary, take fuel samples in this effort. The initial focus of these efforts will be on the relatively small number of suppliers who provide gasoline products to the retail market and other end users.

- **Registration and Labeling of Gasoline Products**

Motor fuel distributors selling motor fuel in Connecticut must be registered with the Department of Consumer Protection (DCP) pursuant to §14-327b of the Connecticut General Statutes (CGS). If not specified on an existing registration, non-MTBE fuel entering the market requires re-registration as a new product even if it is replacing any MTBE product already registered. Failure to register is a violation of §14-327b of the Connecticut General Statutes. DEP and DCP will work together to identify registration applications for MTBE fuels after January 1, 2004 and will evaluate the need to amend regulations adopted pursuant to §14-327c to preclude anyone from registering MTBE motor fuel for sale in Connecticut. In the course of existing routine inspections, DCP will continue to enforce its existing labeling requirements that require the product dispensed to be properly labeled. Instances where gasoline continues to contain MTBE will be referred to DEP for evaluation.

- **Interagency Coordination**

DEP and DCP will share inspection information so violations found by one agency are referred to the other for coordinated follow-up action. DEP and DCP will periodically review the results of these efforts and prepare reports on Connecticut's progress in complying with this law.

- **Efforts by Wholesalers and Retailers**

In addition to the implementation efforts of the DEP and DCP, significant efforts are being undertaken by the wholesalers and retailers serving the Connecticut gasoline market. Most suppliers have been proactively taking steps to comply with the law. Based on discussion and communication with the gasoline wholesalers, the steps necessary to achieve elimination of MTBE in Connecticut are being actively pursued. Contracts for product supply are being modified to assure that compliant product is available for distribution. Infrastructure changes are being made to the distribution system to enable handling, storing, blending and loading ethanol-based product. Similar efforts are underway at the retail level to establish procedures for assuring tank cleanliness, developing fuel sampling procedures, water testing, removal and disposal, disposal of fuel filters, replacing pump decals and training.